

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF THE)	CASE NO.
LEXINGTON-SOUTH ELKHORN WATER DISTRICT)	90-075

O R D E R

On March 30, 1990, Lexington-South Elkhorn Water District ("LSE") filed an application with the Commission seeking to increase its rates. The proposed rates would generate approximately \$86,049 annually in additional revenues, an increase of 30.1 percent over normalized test-year revenues from metered water sales of \$285,863.

On April 11, 1990, LSE was notified by the Commission that its application did not meet the minimum filing requirements set by regulation. LSE cured the filing deficiencies and met minimum filing requirements on April 25, 1990. By Order of April 19, 1990, the Commission suspended LSE's proposed rates for five months from the proposed effective date, through September 30, 1990. On April 30, 1990, the Crosswoods Neighborhood Association, Inc. and the Equestrian Woods Neighborhood Association, Inc. ("Intervenors") moved for full intervention in this proceeding. The motions were granted by the Commission on May 17, 1990.

In May of 1990, Commission Staff conducted a field review of LSE's test-period financial records. Based upon this review, Commission Staff issued its report on July 2, 1990, recommending

an increase of \$11,928 in LSE's annual operating revenues. On July 24, 1990, LSE filed its response to the Staff Report and requested an informal conference. The Intervenor's response to the Staff Report was filed with the Commission on July 18, 1990.

An informal conference was held at the Commission on August 27, 1990. Based on additional information filed pursuant to the conference, Staff issued an Amended Staff Report on September 14, 1990, recommending a revised revenue increase of \$16,121. All parties were directed to provide written comments on the Amended Staff Report or to request a hearing by September 25, 1990. No party filed a response to the Amended Staff Report or requested a hearing.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds:

1. The recommendations and findings contained in the Staff Report of July 2, 1990, as amended on September 14, 1990, are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for service provided by LSE and will produce annual revenues of \$301,984. These rates will allow LSE sufficient revenues to meet its operating expenses and to provide for future equity growth, including servicing its debt.

3. The rates proposed by LSE would produce revenue

increases which are unreasonable and thus inconsistent with KRS 278.030.

IT IS THEREFORE ORDERED that:

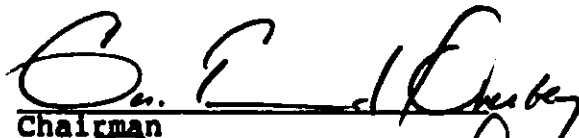
1. The rates proposed by LSE in its application are hereby denied.

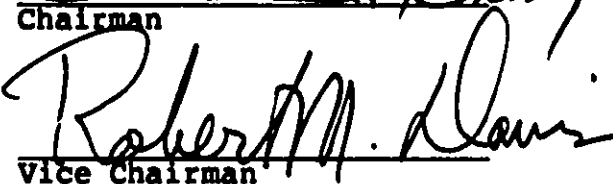
2. The rates contained in Appendix A are approved for service rendered by LSE on and after the date of this Order.

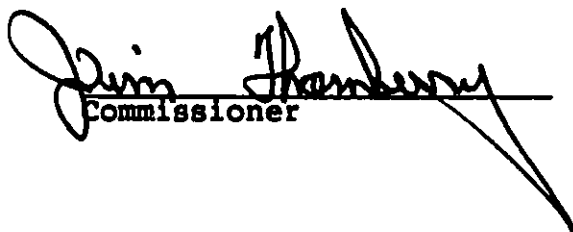
3. Within 30 days of the date of this Order, LSE shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 1st day of October, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 90-075 DATED 10/1/90

The following rates and charges are prescribed for water service to customers of Lexington-South Elkhorn Water District. All other rates and charges not specifically set forth herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

5/8 Inch x 3/4 Meters

Monthly Rates

First 2,000 gallons	\$11.10 Minimum Bill
Next 2,000 gallons	3.00 per 1,000 gallons
Next 2,000 gallons	2.38 per 1,000 gallons
Next 10,000 gallons	2.18 per 1,000 gallons
Next 8,000 gallons	1.98 per 1,000 gallons
Over 24,000 gallons	1.72 per 1,000 gallons

1 Inch Meters

First 10,000 gallons	\$30.58 Minimum Bill
Next 6,000 gallons	2.18 per 1,000 gallons
Next 8,000 gallons	1.98 per 1,000 gallons
Over 24,000 gallons	1.72 per 1,000 gallons

2 Inch Meters

First 24,000 gallons	\$59.50 Minimum Bill
Over 24,000 gallons	1.72 per 1,000 gallons